

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2000-705

October 23, 2001

MARK MCPHETERS, ET AL.  
Request for Commission Investigation  
Into Verizon-Maine's Telephone Service to  
Non-Profit Museums and Historical Societies

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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**I. SUMMARY**

In this Order we find that the complainants' request to allow local museums and historical societies to pay the residential rate for their telephone service is without sufficient merit to justify a formal Commission investigation.

**II. BACKGROUND**

On August 18, 2000, Mark McPheters et al., filed a 10-person complaint pursuant to the provisions of 35-A M.R.S.A § 1302. The complainants represent local museums and historical societies that use telephone service, including service for security systems in their buildings that require a telephone line. The complainants state that their phones are used very little and that they are non-profit organizations with no more than two employees and two telephones. Accordingly, they believe that they should not be charged the business rate for their phone service, even though their museums and historical societies qualify as business customers under Verizon's terms and conditions. They request instead that the Commission order Verizon to charge their organizations the lower, residential rate.

On August 28, 2000, Verizon-Maine responded to the complaint. Verizon stated that the service provided to the complainants is in full compliance with the Company's tariffs. Verizon also argued that the residential rate in Maine is heavily supported by above-cost rates for other telephone services, that the telephone service required by these organizations is not residential, and that an organization may be a business even if it does not make a profit. Finally, given the large number of non-profit organizations in the State.<sup>1</sup> Verizon argued that accommodating these organizations with a special rate would likely require a residential rate increase.

On August 30, 2000, the OPA filed a petition to intervene in the case.

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<sup>1</sup>According to Verizon's response, there are more than 7,500 non-profits in Maine.

On September 2, 2000, Mark McPheters et al. responded to Verizon's response. In their reply the Complainants stressed that their request for a change from business to residential phone rates would only apply to small historical societies and museums, most of which are only open half the year, with two or fewer employees and two or fewer telephone lines.

Under 35-A M.R.S.A. § 1302, after receipt of a complaint and response by the utility, the Commission may dismiss the complaint if it finds that the cause of the complaint has been removed or the complaint is without merit. Otherwise, the Commission will open a formal investigation into the matter.

A Recommended Decision was issued by the Presiding Officer assigned to the case on September 28, 2001, recommending that the Commission find that the complaint is without merit.

### **III. DISCUSSION**

Verizon-Maine's tariff describes two types of service, residential and business. Residence service rates apply if the service is used primarily for social or domestic purposes. Business service rates apply if the service is used primarily or substantially for business purposes, or if the service is furnished at a business location (Verizon-Maine Tariff 5.1.1.A.1 and 5.1.1.A.2). We agree with Verizon that there is no requirement that a business be a certain size, or have a certain number of phones or that it make a profit. The local museums and historical societies are clearly not residences, and the complainants have not presented a sufficiently compelling prima facie case to justify creating a new classification of telephone customers that will pay substantially less for basic service than another class.

In Maine, business rates have always been higher than residential rates. This disparity may have been based on the societal interest of encouraging residential telephone line penetration rates. It has not been demonstrated, however, that this disparity is justified by any significant differential between the costs of providing service to residential and business customers. We expect that market forces will act to reduce the differential; as competition emerges in Maine, it is likely that there will be greater pressure on business rates. While this may not reduce the business rate to the residential level, it may help to ameliorate some of the difficulties for small non-profit organizations and other small businesses. We also note that as it has become necessary to increase basic rates to accommodate reductions in access charges (and, indirectly, in toll rates), the dollar amounts of the increases to residential and business customers have been equal, thereby reducing the percentage differential between the two rate classes.

In addition, emerging technology, including that for alarm systems, may allow small businesses such as historical societies to reduce their telecommunications requirements to one phone line.

#### **IV. CONCLUSION**

Despite the fact that the organizations associated with the complainants are small and non-profit, they are not residential customers. The complainants presented no compelling reasons why we should find that Verizon's current classification of their service is an unreasonable practice or why we should require Verizon to create a new class of business customers that would pay the same rate as residential customers. Therefore, the complaint will be dismissed as without merit, as permitted by 35-A M.R.S.A. § 1302(2).

Dated at Augusta, Maine, this 23<sup>rd</sup> day of October, 2001.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Nugent  
   Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.